

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Behavioral Health	(2) MEETING DATE 7/8/2014	(3) CONTACT/PHONE Cindy Collins, ASM, 788-2932; Amy Olson, ASO II, 781-4729	
(4) SUBJECT Request to approve four (4) FY 2014-15 renewal contracts (Clerk's File) for Institute for Mental Disease (IMD) facilities in the cumulative amount not to exceed \$780,735 to provide residential and intensive mental health services in locked facilities to adults who cannot care for themselves due to their mental illness. All Districts.			
(5) RECOMMENDED ACTION It is recommended that the Board approve and direct Chairperson to sign four (4) FY 14-15 renewal contracts with Beverly Health and Rehabilitation Services, Inc., dba Golden Living-San Jose, Crestwood Behavioral Health, Inc., Sunbridge Healthcare Corporation dba Sierra Vista Rehabilitation Center, and 7 th Avenue Center, LLC in the cumulative amount not to exceed \$780,735 to provide residential and intensive mental health services in locked and semi-locked facilities to adults who cannot care for themselves due to their mental illness.			
(6) FUNDING SOURCE(S) Realignment and General Fund	(7) CURRENT YEAR FINANCIAL IMPACT \$780,735.00	(8) ANNUAL FINANCIAL IMPACT \$780,735.00	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT <input checked="" type="checkbox"/> Consent <input type="checkbox"/> Presentation <input type="checkbox"/> Hearing (Time Est. ____) <input type="checkbox"/> Board Business (Time Est. ____)			
(11) EXECUTED DOCUMENTS <input type="checkbox"/> Resolutions <input checked="" type="checkbox"/> Contracts <input type="checkbox"/> Ordinances <input type="checkbox"/> N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) 19001424		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A <input type="checkbox"/> 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP N/A	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY <input type="checkbox"/> N/A Date: <u>7-16-2013</u>	
(17) ADMINISTRATIVE OFFICE REVIEW Reviewed by Leslie Brown			
(18) SUPERVISOR DISTRICT(S) All Districts			

County of San Luis Obispo



TO: Board of Supervisors

FROM: Jeff Hamm, Health Agency Director
Anne Robin, MFT, Behavioral Health Administrator

DATE: 7/8/2014

SUBJECT: Request to approve four (4) FY 2014-15 renewal contracts (Clerk's File) for Institute for Mental Disease (IMD) facilities in the cumulative amount not to exceed \$780,735 to provide residential and intensive mental health services in locked facilities to adults who cannot care for themselves due to their mental illness. All Districts.

RECOMMENDATION

It is recommended that the Board approve and direct Chairperson to sign four (4) FY 14-15 renewal contracts with Beverly Health and Rehabilitation Services, Inc., dba Golden Living-San Jose, Crestwood Behavioral Health, Inc., Sunbridge Healthcare Corporation dba Sierra Vista Rehabilitation Center), and 7th Avenue Center, LLC in the cumulative amount not to exceed \$780,735 to provide residential and intensive mental health services in locked and semi-locked facilities to adults who cannot care for themselves due to their mental illness.

DISCUSSION

The Health Agency's Behavioral Health Department contracts with various residential placement providers within a wide range of adult residential services, providing the appropriate level of care to seriously mentally ill individuals in need of residential placement. With the exception of State hospitals and other acute care hospitals, Mental Health Rehabilitation/Institutions for Mental Disease (IMDs) offer the most intensive level of care in the residential care continuum. IMDs are locked residential facilities that are primarily engaged in providing intensive care of persons with severe mental illness, which includes medical attention, nursing care, assessment, clinical treatment and other related services. Intensive services including psychiatrist coverage are offered 24 hours per day / 7 days per week.

Most clients placed in these facilities have not succeeded in outpatient settings and less restrictive residential placements. Often, IMD clients have been placed under conservatorship by the courts. Although the desired outcome is to move clients to the least restrictive level in which they can be successful, a certain percentage of the population with severe mental illness will, at any given time, need the level of treatment offered in an IMD setting. IMDs can include psychiatric hospitals, psychiatric health facilities (PHF) with over 16 beds, skilled nursing facilities with a certified special treatment program for the mentally ill (SNF-STP), and mental health rehabilitation centers (MHRC). Due to the severity of their symptoms, clients placed in IMDs are unable to live successfully in a less restrictive setting.

The Behavioral Health Department wishes to renew four contracts: Beverly Health and Rehabilitation Services, Inc., dba Golden Living-San Jose, Crestwood Behavioral Health, Inc., Sunbridge Healthcare Corporation dba Sierra Vista Rehabilitation Center), and 7th Avenue Center, LLC. The contract providers are licensed by the State Department of Health Services as skilled nursing facilities and Institution for Mental Disease with special treatment programs (SNF-STP) certified by the Department Health Care Services. Due to the lack of available IMD facilities in San Luis Obispo County, Behavioral Health utilizes the aforementioned contractors depending on bed availability.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the contracts as to form and legal effect.

FINANCIAL CONSIDERATIONS

The FY 2014-15 Behavioral Health Department Approved budget includes \$780,735 for Mental Health Rehabilitative /

IMD services, which assumes an average of 10 clients for a total of 3,748 days at an average rate of \$208.33 per day. This represents a 7.1% increase, or \$51,684, in the amount of IMD services budgeted in FY 2014-15 (\$780,735) compared to \$729,051 budgeted for FY 2013-14, which assumed 10 clients for a total of 3,737 days at an average rate of \$195.11 per day. FY 2013-14 began with 10 clients in IMD facilities, however, this figure increased during the winter to a high of 12 clients in January and dropped to 8 clients during May. When the FY 2013-14 budget was developed in December of 2013, there were 10 clients placed in IMD facilities. It is anticipated the FY 2014-15 budget for IMD facilities will be sufficient given current client status and anticipated fluctuations in client census.

The contracted rates for FY 2014-15 vary from \$172 to \$236 per day. Prior to FY 2013-14, daily rates were as high as \$300. The average daily rate for FY 2014-15 is \$208.33 but the average daily rate for FY 2013-14 was \$195.11. The increase is due to Counties being required to pay IMD facilities an annual 4.7% cost-of-living adjustment, upon request of the facility, to cover the increased costs associated with service delivery as per Section 5912 of the Welfare & Institutions Code. Three facilities, 7th Ave., Crestwood, and Golden Living required the County to pay an increased rate effective July 1, 2014. In addition to the 4.7% increase, Golden Living, a facility that has kept rates the same since 2009, required an additional increase to offset additional costs due to increased staffing and residential costs. Below are contracted rates dating back to FY 2009-10.

Facility	FY 2009-2010	FY 2010-2011	FY 2011-2012	FY 2012-2013	FY2013-2014	FY 2014-2015
	Rate	Rate	Rate	Rate	Rate	Rate
7th Ave	\$0.00	\$0.00	\$0.00	\$198.95	\$198.95	\$208.30
Golden Living	\$181.95	\$181.95	\$181.95	\$181.95	\$181.95	\$217.49
Crestwood	\$205.00	\$205.00	\$205.00	\$218.00	\$228.00	\$236.00
Sierra Vista	\$165.42	\$165.42	\$165.42	\$165.42	\$171.53	\$171.53
Sylmar	\$235.69	\$235.69	\$235.69	\$235.69	\$0.00	\$0.00
CPT	\$0.00	\$300.00	\$300.00	\$300.00	\$0.00	\$0.00
Average Rate	\$197.02	\$217.61	\$217.61	\$216.67	\$195.11	\$208.33

The actual annual costs for IMD services vary depending on bed availability in each facility, the level of care and program needs for the clients, and the number clients needing residential placement. Each contract stipulates a maximum amount of \$780,735, but it is clear in each of the IMD contracts that the County only pays for actual bed days used. Setting each contract at the maximum amount allows the flexibility to move clients within each facility and add clients without amending their contract based on initial estimates. However, the total amount spent for all five contracts is expected to be within the \$780,735 budget.

The County is not able to claim federal reimbursement for services provided to individuals residing in IMDs. IMD reimbursable rates are set by the State, which provides funding for these services through State Realignment and State Managed Care monies. Actual IMD days and costs dating back to FY 2010-11 for each facility are presented in the table below.

Facility	FY 2010-11 Actual		FY 2011-12 Actual		FY 2012-13 Actual		FY2013-14 Estimate		FY2014-15 Budget	
	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost	Avg. Clients	Cost
7th Ave	0	0	0	0	4	\$179,904	5	\$264,103	4	\$304,119
Golden Living	5	\$346,002	3	\$236,507	4	\$201,396	3	\$200,084	3	\$214,075
Crestwood	6	\$502,839	4	\$273,265	1	\$79,570	2	\$122,208	3	\$252,541
Sierra Vista	1	\$24,285	1	\$12,143	0	\$0	0	\$0	0	\$10,000
Sylmar	1	\$70,943	1	\$35,172	0	\$0	0	\$0	0	\$0
CPT	1	\$42,600	1	\$41,700	0	\$0	0	\$0	0	\$0
Total	14	\$986,669	10	\$598,787	9	\$460,870	10	\$586,395	10	\$780,735

Because IMD costs represent a substantial portion of the amount budgeted for all adult residential placements, Mental

Health's Adult Placement Committee monitors all IMD placements closely to assure that they are appropriate and medically necessary. The committee was formed to monitor placements, identify barriers, and seek system improvements. Members of the committee include the following stakeholders: an intensive case manager, who also serves as liaison to the IMDs, board and care facilities, and community housing; the owner of both American Care Homes (American Care Homes are licensed board and care facilities often used to transition clients from IMDs back into the community); representatives from the Public Guardian's Office, Behavioral Health's Fiscal division, and Transitions – Mental Health Association; Behavioral Health's Division Manager for Adult Services; and the social worker from the Psychiatric Health Facility. The Adult Placement Committee assists the Department in determining the best balance between cost efficiency and the appropriate placements for the effective treatment of its clients.

RESULTS

During FY 2013-14 there has been consistent use of IMD facilities, as well as for the past two years, however, usage is substantially lower than during FY 2010-11. While 10 clients were budgeted for FY 2013-14, at one point during the year as many as 12 clients were placed in IMD facilities at the same time. However, by May 2014 this number was reduced to 8 by moving clients to lower levels of care.

The Behavioral Health Department accepts responsibility for managing placements in the most cost effective manner, while providing the most appropriate treatment option for the individual client. In spite of efforts to find viable alternatives to IMD placements, there will continue to be a core group of individuals with severe mental illness who are in need of IMD services. Appropriate placements help Behavioral Health reach its mission to serve clients in the least restrictive setting possible and to advance the goal of assisting individuals with severe mental illness to be as functional and productive as possible in the least costly environments. Providing the most appropriate services to these clients increases their probability of positive treatment outcomes. Furthermore, positive treatment outcomes contribute to the wider County vision of a healthy and safe community.

ATTACHMENTS

1. Clerk's Filed Cover Sheet for IMD Contract Group FY 2014-15 Contract Renewals